Dear FCC,

In response to CC Docket No. 02-6, I have the following comments:

1. With respect to paragraphs 13-14, Section III.A.1., I believe it is a good idea to have a online accessible list of eligible services as part of the Form 471 application process. I think the list should be updated immediately upon adding a new product or service. I don't think the list should be too detailed or service provider and/or brand specific, but rather broad in nature in order to reduce the possibility of eliminating certain products or services that may be eligible. I think it is the responsibility of the Administrator to seek input on an ongoing basis from both eligible entities and service providers regarding what specific products and services should be eligible.

2. With respect to paragraphs 17-20, Section III.A.1., I think a good approach to the non-recurring costs that schools and libraries pay for initial infrastructure related to certain eligible services is to treat these costs as amortizable costs. Most service providers have up-front, non-recurring costs so I believe these costs should definitely be eligible costs. I like the idea of a 3 year amortization period, however I think it is important to allow the costs to be accelerated in certain situations. Examples of these situations would be as follows: (1) If the service provider goes out of business; (2) If the service provider stops performing services for the eligible entity (2) If the product or service is replaced during the three year cycle.

3. With respect to paragraph 21, Section III.A.1., I think it is irrelevant if services are wireless or wired. I think the eligible services should include any wireless services that are currently wired and eligible. The mode of delivery of the service should not dictate whether the service is eligible. I would also stay consistent with the idea that services should enhance classroom instruction unless a service is provided in a bundled manner that would, to a small degree, provide service to auxillary departments.

4. With respect to paragraph 26, Section III.A.3., I believe, as long as the eligible entity can separate the eligible and ineligible costs, that the 30% rule should not apply. I also think the burden of proof should be on the school and/or library and not the Administrator. An example of the allocation should be provided as part of an attachment to the Form 471. If the breakout is not provided, the costs should not be allowed.

5. With respect to paragraph 30, Section III.A.5., as long as a service provider is offering the same service at the same price to eligible and non-eligible entities I don't think there should even be an issue. It should not matter if non-eligible entites are participating in a consortia with eligible entities as long as the schools and/or libraries are not paying a higher pre-discount price from the same service provider. This should be easy to document and I don't think there would be any increased administrative costs associated with this. The burden of proof should be on the schools and/or libraries and not the Administrator.

6. With respect to paragraphs 33-36, Section III.B.1., I don't think that the schools and/or libraries should pay the service provider the full cost of services, and subsequently receive reimbursement from the provider for the discounted portion, after the provider receives reimbursement through

the Billed Entity Applicant Reimbursement (BEAR) process. First of all I think the SLD should obtain the manpower to process all applications prior to the start of the funding year. Second, I have seen too many schools not receive reimbursement from the service provider due to bankruptcy. I understand that the funds do not technically belong to the service provider once disbursed to them by the SLD through the BEAR process, however many bankrupt service providers keep these funds and the schools lose out. I don't even think the BEAR process should be an option. I think the only option should be for the schools and/or libraries to pay the non-discounted portion of the cost of services, withe the service provider seeking reimbursement from the Administrator for the discounted portion. If, however the SLD does not obtain the manpower needed to completely process all applications prior to the start of the funding year, the BEAR option should remain but only for those schools and/or libraries not in receipt of funding approval. Under this circumstance the funds should be sent directly to the schools and/or libraries after receiving a completed BEAR Form that has been signed by the service provider and the school and/or library.

7. With respect to paragraphs 37-40, Section III.B.2., I don't think transfers of equipment should be allowed during a two year period unless they are transferred to another school or district with the same or higher discount percentage as used when purchasing through the E-rate process. I think the 3 year period may be too long due to rapid changes in technology. If you have this non-transferability requirement in place then I don't think there is a need to deny internal connections discounts to any entity that has already received discounts on internal connections within a specific period. In addition, some schools and/or libraries will not purchase all services and/or products in one year, but may make the same type of purchases and/or upgrades over multiple years. As long as a transferability restriction is in place, I don't think it would be fair to implement a mechanism to deny discounts on internal connections to any entity that has already received discounts on internal connections.

8. With respect to paragraphs 48-52, Section III.C.1., I believe the 60 day appeal period is ideal and furthermore, the appeals should be treated as having been received by the Administrator or the Commission on the date they are post-marked.

9. With respect to paragraphs 53-57, Section III.C.2., A reserve fund should be set up and added to each year in order to successfully fund appeals. Any unspent funds should be carried over to subsequent years. The fund should be established based on prior experience. All successful appeals should be funded. Why not start now by using unused funds from prior years? If that is not possible, start with the current year.

10. With respect to paragraphs 58-59, Section III.D.1., Independent audits should not be at the recipients' and service providers' expense, unless during the audit fraud is uncovered. Many schools and libraries struggle financially and this would impose an additional financial burden on the school and/or library. Most serious problems should be addressed during the program integrity phase.

11. With respect to paragraphs 63-66, Section III.E.1., First of all a reserve fund should be established to fund appeals. Second, the Administrator should spend all remaining unused funds. If funds are not spent in one year, they should be carried over and applied to subsequent years thus increasing the annual cap by the net carryover amount. If the

BEAR process is eliminated for all approved funds, the Administrator should know which funds are being utilized. Computer systems should be established to track the spending. If it appears that funds are not being spent, the Administrator should notify the eligible entities and require that they confirm the funds will be utilized or release the funds by filing Form 500 within 30 days of notification by the Administrator. I don't think the contribution factor should be reduced.

12. With respect to paragraph 82, Section VI.A., The proposed collection of information is adequate. I believe that the filing process could be improved by allowing filers to access a program online that can be downloaded, prepared offline and transmitted as a batch file electronically. The process of inputing information online is burdensome and not efficient, especially for large applications.